

## Message Text

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45

ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-10 ADP-00 AGR-20

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 USIA-15 SCEM-02 STR-08 EB-11

COME-00 CIEP-02 OMB-01 TRSE-00 RSR-01 INT-08 /202 W

----- 096196

R 301145Z AUG 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 3672

INFO AMEMBASSY CARACAS

AMEMBASSY DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

OECD PARIS 1922

USEC BRUSSELS 426

C O N F I D E N T I A L TEHRAN 6189

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: YAMANI'S VISIT TO TEHRAN

REF: JIDDA 3461, TEHRAN 5888

1. GOI FINMIN AMOUZEGAR TOLD FORMER AMBASSADOR MACARTHUR AT SOCIAL OCCASION THAT YAMANI HAD COME TO TEHRAN TO PRESSURE GOI FOR SUPPORT ON INCREASES IN POSTED PRICES, TEHRAN AGREEMENT'S 2.5 PERCENT ANNUAL INFLATION COMPENSATION, AND BUY-BACK PRICES. YAMANI REPORTED GREAT PRESSURE FROM IRAQ ALONG THESE AND OTHER LINES. (YAMANI OBVIOUSLY AWARE, FROM COMPANY BRIEFINGS, THAT PRICES UNDER NEW GOI-CONSORTIUM AGREEMENT ARE DETERMINED IN PART BY REFERENCE TO BUY-BACK PRICES UNDER THE GENERAL AGREEMENT ON PARTICIPATION.)

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2. AMOUZEGAR ADDED THAT THERE IS CONSIDERABLE INTERNAL PRESSURE IN

GOI FOR PRICE INCREASES, FOR TWO REASONS: A) LIBYA PRICES NOW HIGHER THAN PRICE OF PERSIAN GULF CRUDE LANDED IN MEDITERRANEAN, AND B) PRICES OF COMMODITIES IRAN PURCHASES INCREASING RAPIDLY. AMOUZEGAR ASKED "IF PRICE OF WHEAT AND SOYBEANS CAN INCREASE BY SEVERAL TIMES ON FREE MARKET, WHY CAN'T OUR SCARCECOMMODITY DO THE SAME?"

3. AMOUZEGAR NOTED THAT HE AND GOI WISHED AVOID PUBLIC CONFRONTATION AND WERE PRESSING YAMANI TO TRY TO KEEP NEGOTIATIONS PRIVATE AND LOW-KEY.

4. COMMENT: AMOUZEGAR MADE NO REFERENCE TO DISCUSSIONS WITH YAMANI ON IRAQI DEMANDS TO INCREASE TAX RATE, REPORTED REFTEL. WE SUSPECT THAT GOI NEEDED LITTLE PRODDING TO JOIN YAMANI IN PUSHING FOR INCREASES IN POSTED PRICES, INFLATION MECHANISM AND BUY-BACK PRICES, BUT SO FAR HAVE NO INDICATION THAT IRANIANS WOULD BACK TAX RATE INCREASE.

5. CONCERNING PARAGRAPH 2 ABOVE, EMBASSY WOULD APPRECIATE GREATLY RECEIVING RESPONSE TO REFTEL B SINCE IT WILL HELP IN ANY POSSIBLE DISCUSSION WITH THE MINFIN.  
HECK

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